

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In the matter of:

Cabot Oil & Gas Corporation	:	Cessation of Hydraulic-Fracturing,
Susquehanna County	:	Activities

ORDER

NOW, this September 24, 2009, the Commonwealth of Pennsylvania, Department of Environmental Protection (hereinafter "Department") has determined the following findings of fact and conclusions of law:

A. The Department is the administrative agency vested with the authority and responsibility to administer and enforce the requirements of: The Clean Streams Law, Act of June 22, 1937, P.L. 1987, as amended, 35 P.S. § 691.1 et seq. (hereinafter "Clean Streams Law"); the Solid Waste Management Act, Act of July 7, 1980, P.L. 380, as amended, 35 P.S. § 6018.101 et seq. (hereinafter "Solid Waste Management Act"); the Oil and Gas Act, Act of December 19, 1984, P.L. 1140, No. 223, as amended, 58 P.S. § 601.101 et seq. (hereinafter "Oil and Gas Act"); Section 1917-A of the Administrative Code, Act of April 9, 1929, P.L. 177, as amended, 71 P.S. § 510-17 (hereinafter "Administrative Code"); and the rules and regulations promulgated thereunder.

B. Cabot Oil & Gas Corporation (hereinafter "Cabot Oil & Gas Corporation") is a Delaware corporation authorized to do business in Pennsylvania which maintains a business address of 900 Lee Street East, Suite 500 Huntington Square, Charleston, West Virginia 25301.

C. Cabot Oil & Gas Corporation is the "owner" and "operator", as those terms are defined in Section 103 of the Oil and Gas Act, 58 P.S. § 601.103, of one hundred twenty-eight (128) Department authorized natural gas well sites located in Susquehanna County, Pennsylvania, identified by the Department's Environmental Facility Application Compliance Tracking System (eFACTS) as being in either an active, cancelled, expired, or void status and listed in Attachment 1 of this Order.

D. Included in Attachment 1 of this Order is the Heitsman 4-H NW Well, permit number, 115-20162 (hereinafter "Heitsman 4-H NW Well").

E. At approximately 2:00 PM in the afternoon of September 16, 2009, approximately 840 to 2,100 gallons of a water/liquid gel mixture was spilled at the Heitsman 4-H NW Well during hydraulic-fracturing activities. The Department oversaw on scene personnel's containment and cleanup activities to mitigate environmental and safety hazards at the Heitsman 4-H NW Well.

F. At approximately 8:00 PM in the evening of September 16, 2009, another spill of approximately 5,880 gallons of water/liquid gel mixture was spilled at the Heitsman 4-H NW Well during hydraulic-fracturing activities as a result of a failed O-ring in a 12 inch pipe connection. The water/liquid gel mixture flowed down gradient to an adjacent wetland and ultimately to Stevens Creek, a water of the Commonwealth.

G. During the morning of September 17, 2009, the Department observed both stressed and dead fish in Stevens Creek down gradient from the Heitsman 4-H NW Well and the adjacent wetlands.

H. At approximately 6:30 AM in the morning of September 22, 2009, approximately 420 gallons of a water/liquid gel mixture was spilled onto the ground surface at the Heitsman 4-H NW Well during hydraulic-fracturing activities. Cabot Oil & Gas Corporation ultimately reported that all but approximately 10 gallons of the water/liquid gel mixture spilled at the Heitsman 4-H NW Well was contained in a catch basin.

I. As of the date of this Order, it is the Department's position that Cabot Oil & Gas Corporation has not completed adequate remedial activities to address the three water/liquid gel mixture spills that occurred September 16 and 22, 2009 at the Heitsman 4-H NW Well.

J. The water/liquid gel mixture that spilled to the ground surface, to a wetland and to Stevens Creek constitutes industrial waste within the meaning of Section 1 of the Clean Streams Law, 35 P.S. § 691.1.

K. The wetlands and Stevens Creek constitute waters of the Commonwealth within the meaning of Section 1 of the Clean Streams Law, 35 P.S. § 691.1.

L. The discharge of industrial waste from the Heitsman 4-H NW Well has resulted in pollution as defined in Section 1 of the Clean Streams Law, 35 P.S. § 691.1, and constitutes violations of Sections 301 and 307 of the Clean Streams Law, 35 P.S. §§ 691.301 and 307.

M. In addition, the September 16 and 22, 2009 spillage of water/liquid gel mixture to the ground surface, to a wetland and to Stevens Creek created pollution as that term is also defined in Section 103 of the Solid Waste Management Act, 35 P.S. § 6018.103. The water/gel mixture spilled at the Heitsman 4-H NW Well on September 16 and 22, 2009 is a solid waste as that term is defined in Section 103 of the Solid Waste Management Act, 35 P.S. § 6018.103. Unlawful disposal of a solid waste constitutes violations of Sections 610(1) and 610(9) of the Solid Waste Management Act, 35 P.S. §§ 6018.610(1) and 610(9) as follows:

- Section 610(1) of the Solid Waste Management Act, 35 P.S. § 6018.610(1) states, in part, that it shall be unlawful to dump or deposit, or permit the dumping or depositing of any solid waste on to the ground or underground or into the waters of the Commonwealth, by any means, without a permit.

- Section 610(9) of the Solid Waste Management Act, 35 P.S. § 6018.610(9) states that it is unlawful to cause or assist in the violation of any provisions of this act, any rule or regulation of the department, any order of the department or any term or condition of any permit.

N. Additionally, the September 16 and 22, 2009 spillage of water/gel mixture at the Heitsman 4-H NW Well constitutes violations of Sections 78.54, 78.56(a) and 78.66(a) of the Department's Rules and Regulations, 25 Pa. Code §§ 78.54, 78.56(a) and 78.66(a), as follows:

- Section 78.54 of the Department's Rules and Regulations, 25 Pa. Code § 78.54 states in part, that the well operator shall control and dispose of fluids, residual waste and drill cuttings, including tophole water, brines, drilling fluids, drilling muds, stimulation fluids, well servicing fluids, oil, production fluids and drill cuttings in a manner that prevents pollution of the waters of this Commonwealth ...
- Section 78.56(a) of the Department's Rules and Regulations, 25 Pa. Code § 78.56(a) states in part, that the operator shall contain pollutorial substances and wastes from the drilling, altering, completing, recompleting, servicing and plugging the well, including brines, drill cuttings, drilling muds, oils, stimulation fluids, well treatment and servicing fluids, plugging and drilling fluids other than gases in a pit, tank or series of pits and tanks ...
- Section 78.66(a) of the Department's Rules and Regulations, 25 Pa. Code § 78.66(a) states in part, that a release of a substance causing or threatening pollution of the waters of this Commonwealth, shall comply with the reporting and corrective action requirements of Section 91.33 of the Department's Rules and Regulations.

O. By letter dated June 6, 2009, the Department requested the development and submission of a Pollution Prevention Contingency Plan (hereinafter "PPC Plan") including a Control & Disposal Plan (hereinafter "C&D Plan") to identify practices to be utilized for preventing pollutants from reaching the waters of the Commonwealth and identifying locations of permitted disposal facilities. To date, the Department has not received from Cabot Oil & Gas Corporation either the PPC Plan or the C&D Plan as required by Sections 78.55 and 91.34 of the Department's Rules and Regulations, 25 Pa. Code §§ 78.55 and 91.34.

P. The conditions described above constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §§ 691.611; Section 610 of the Solid Waste Management Act, 35 P.S. § 6018.610; and Section 509 of the Oil and Gas Act, 58 P.S. § 601.509; and a statutory nuisance under Section 601 of the Clean Streams Law, 35 P.S. §§ 691.601; Section 601 of the Solid Waste Management Act, 35 P.S. § 6018.601; and Section 502 of the Oil and Gas Act, 58 P.S. § 601.502.

NOW, THEREFORE, under the authority of Section 5 of the Clean Streams Law, 35 P.S. §§ 691.5; Section 602 of the Solid Waste Management Act, 35 P.S. § 6018.602; Section 503 of the Oil and Gas Act, 58 P.S. § 503; and Section 1917-A of the Administrative Code of 1929, 71 P.S. § 510-17, it is hereby **ORDERED** that:

1. Cabot Oil & Gas Corporation shall immediately cease and desist all hydraulic-fracturing/well stimulation operations at all Department permitted well pad sites located within the confines of Susquehanna County, Pennsylvania, and identified in Attachment 1 of this Order.

2. Cabot Oil & Gas Corporation shall not commence or resume hydraulic-fracturing/well stimulation operations at any Department permitted well pad site located within the confines of Susquehanna County, Pennsylvania, and identified in Attachment 1 of this Order, until authorized in writing by the Department.

3. PPC Plan and C&D Plan.

a. Within fourteen (14) calendar days of the effective date of this Order, Cabot Oil & Gas Corporation shall submit to the Department representative identified in Paragraph 6, below, for review and approval, an updated and accurate PPC Plan and C&D Plan for all Department permitted well pad sites located within the confines of Susquehanna County, Pennsylvania, and identified in Attachment 1 of this Order.

b. In the event that the Department determines that additional modifications, revisions, or additions are necessary to the PPC Plan and/or C&D Plan, Cabot Oil & Gas Corporation shall submit such revisions as are necessary to fully address all of the Department's comments within 7 days of receipt of those comments.

c. The Department may approve, or approve with modifications, the PPC Plan and C&D Plan.

4. Engineering Study.

a. Within twenty one (21) calendar days of the effective date of this Order, Cabot Oil & Gas Corporation shall submit to the Department representative identified in Paragraph 6, below, for review and approval, an engineering study ("Engineering Study") that fully addresses the items listed below in b., c. and d.

b. The Engineering Study shall include a detailed evaluation/explanation of the causes of the releases that occurred on September 16 and 22, 2009 identified in Paragraphs E, F, and H, above.

c. In addition, the Engineering Study shall set forth corrective measures Cabot Oil & Gas Corporation will use to prevent similar releases.

d. Finally, the Engineering Study shall provide an analysis of the integrity and validity of all equipment and work practices associated with the hydraulic-fracturing operations at all of the Department permitted well pad sites located within the confines of Susquehanna County, Pennsylvania, and identified in Attachment 1 of this Order, with suggested improvements Cabot Oil & Gas intends to employ to prevent other releases to the environment.

e. In the event that the Department determines that additional modifications, revisions, or additions are necessary to the Engineering Study, Cabot Oil & Gas Corporation

shall submit such revisions as are necessary to fully address all of the Department's comments within 7 days of receipt of those comments.

f. The Department may approve, or approve with modifications, the Engineering Study.

5. a. Within twenty-one (21) calendar days of the Department's approval of the PPC Plan, the C&D Plan, and the Engineering Study described in Paragraphs 3 and 4, above, Cabot Oil & Gas Corporation shall fully implement and commence the practice of the recommendations and requirements contained in the Department approved PPC Plan, C&D Plan, and Engineering Study at all of the Department permitted well sites located within the confines of Susquehanna County, Pennsylvania, and identified in Attachment 1 of this Order.

b. Cabot Oil & Gas Corporation shall place in a conspicuous location at each Department permitted well site the Department approved PPC Plan and C&D Plan.

c. Cabot Oil & Gas Corporation shall also provide a copy of the Department approved PPC Plan and C&D Plan to each contractor and subcontractor working at any Department permitted well site. Each contractor and subcontractor working a Cabot well site must receive the Department approved PPC Plan and C&D Plan before they begin their work at the well site.

6. All correspondence with the Department regarding this Order shall be sent to:

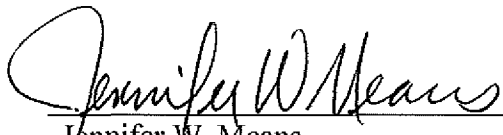
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Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. Section 7514, and the Administrative Agency Law, 2 Pa. C.S. Chapter 5A, to the Environmental Hearing Board, Second Floor, Rachel Carson State Office Building, P.O. Box 8457, Harrisburg, PA 17105-8457, 717-787-3483. TDD users may contact the Board through the Pennsylvania Relay Service, 800-654-5984. Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of written notice of this action unless the appropriate statute provides a different time period. Copies of the appeal form and the Board's rules of practice and procedure may be obtained from the Board. The appeal form and the Board's rules of practice and procedure are also available in braille or on audiotape from the Secretary to the Board at 717-787-3483. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.

IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD (717-787-3483) FOR MORE INFORMATION.

FOR THE DEPARTMENT OF
ENVIRONMENTAL PROTECTION:



Jennifer W. Means
Environmental Program Manager

Attachment 1